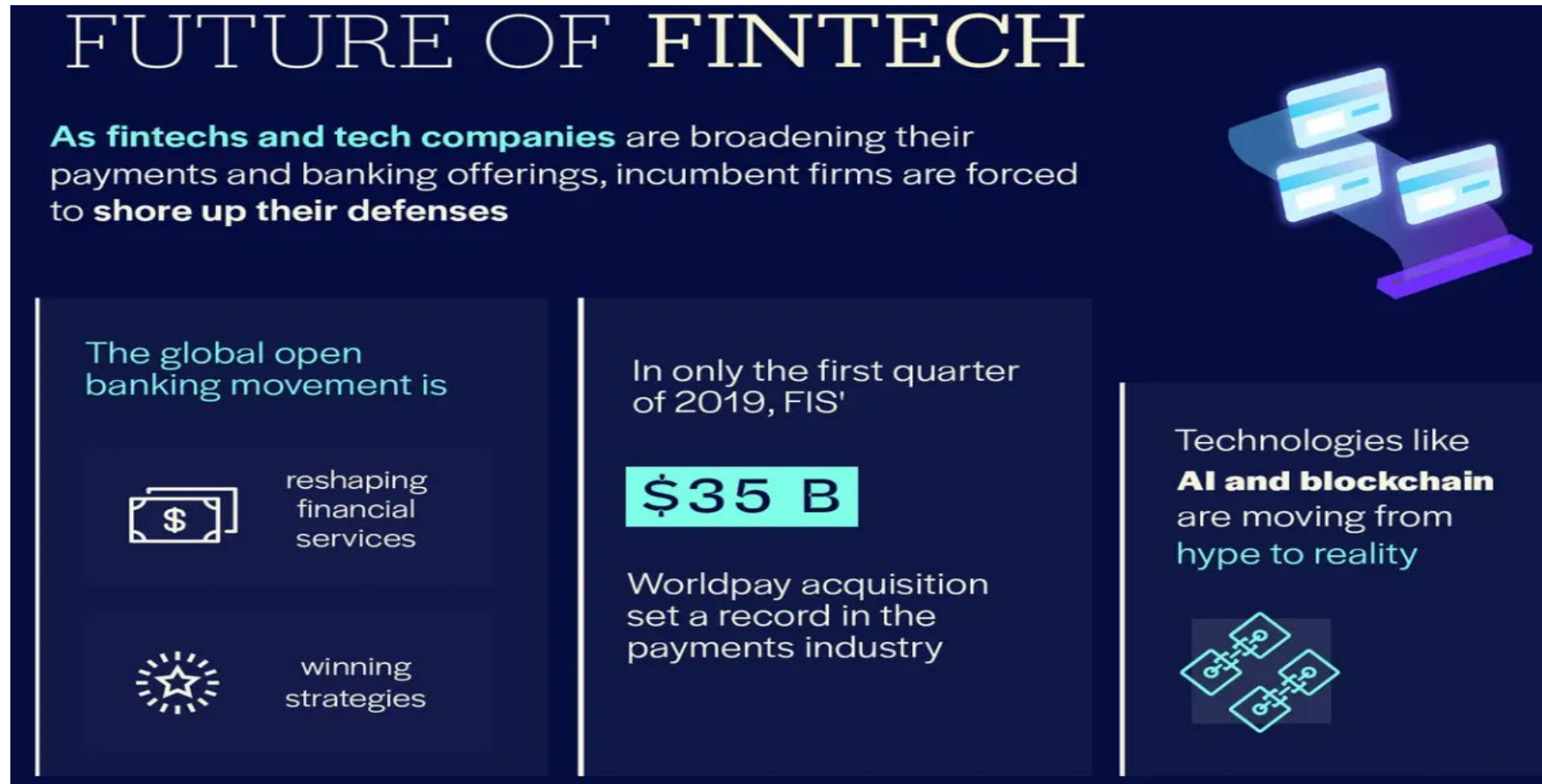




# FinTech: The Future

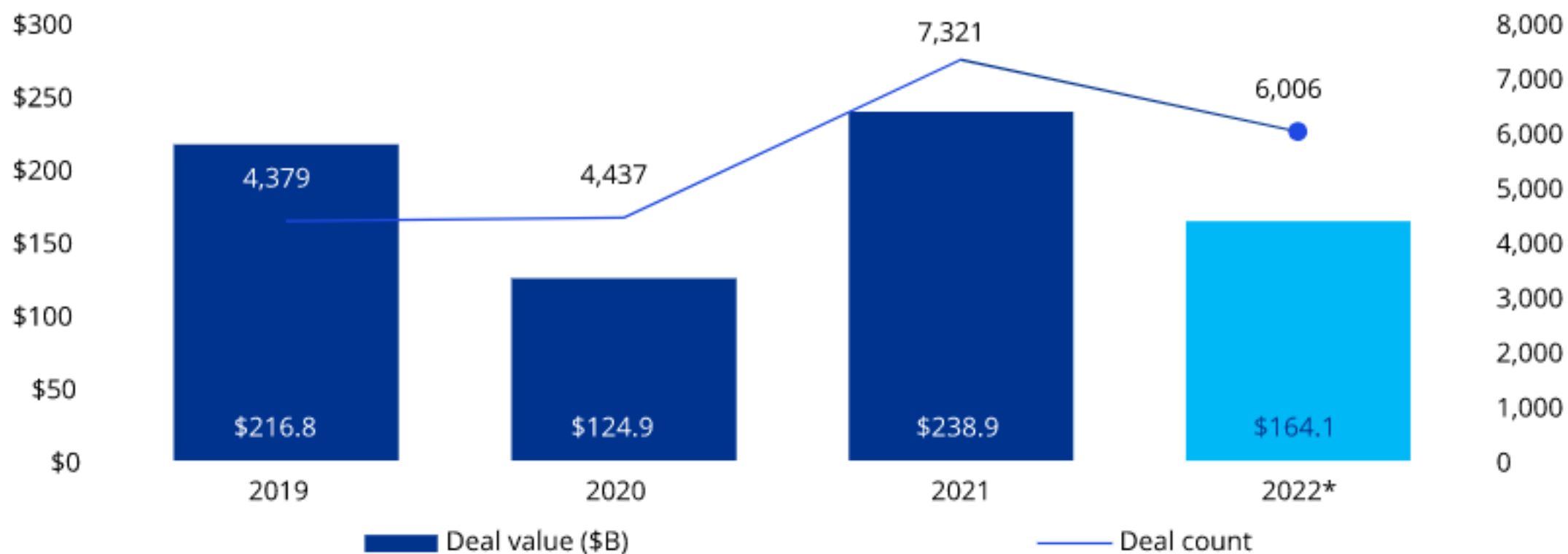
# FinTech, 2019



Global fintech investments in 2021 recorded  
**\$210B with 5,684 deals**

## Total global investment activity (VC, PE and M&A) in fintech

2019 – 2022\*



## FinTech: A Threat to Incumbents?

“We need banking but we don’t need banks anymore.”

Bill Gates



Bright young things based in San Francisco, New York, London and Stockholm are raising billions of dollars in venture capital to “disrupt” financial services. With much brashness, these t-shirt-wearing whizz-kids are confident they will do to banks what digital photography did to Kodak.

The logo for The Economist, featuring the words "The Economist" in a white serif font on a solid red rectangular background.

**The  
Economist**

June 17<sup>th</sup>, 2015

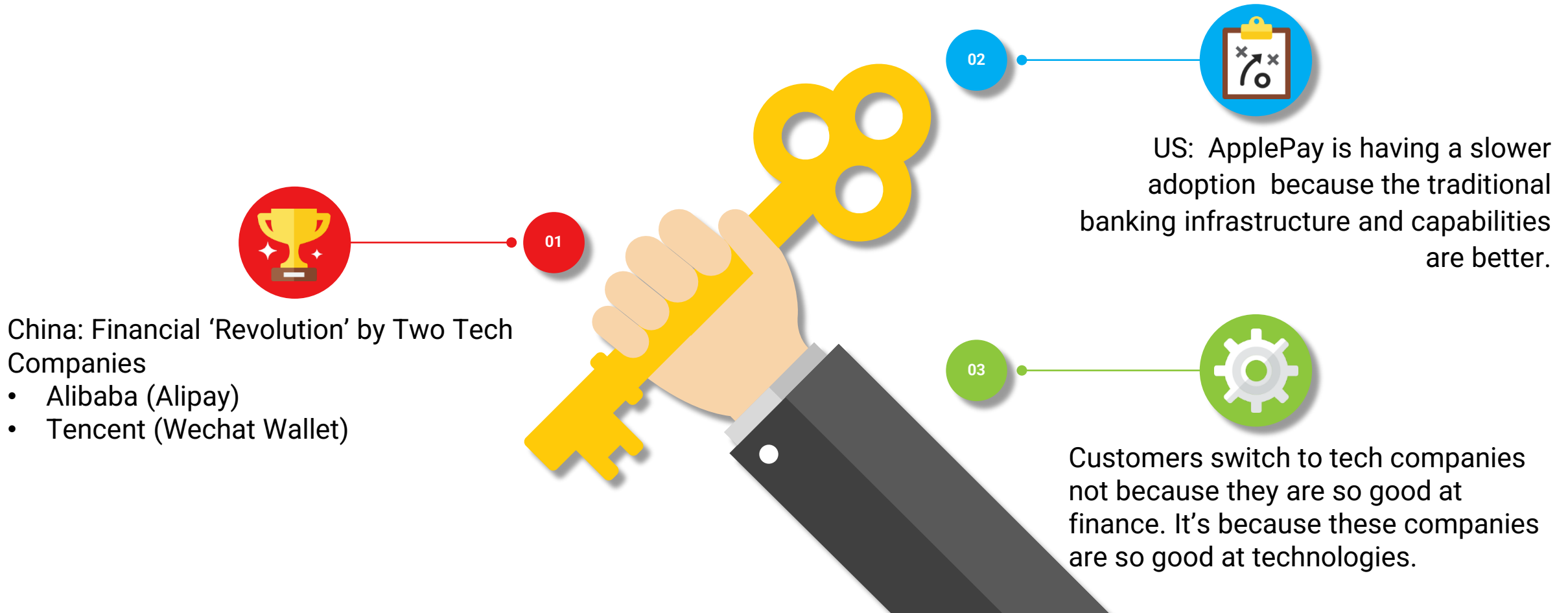
## FinTech: A Threat to Incumbents?

### Top three greatest sources of disruption — all respondents



Source: KPMG International global fintech survey, 2017

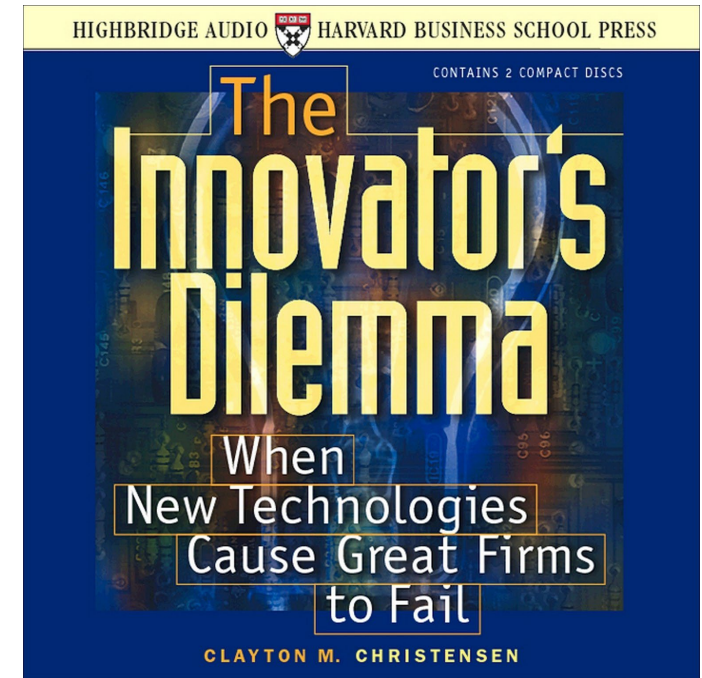
# FinTech: A Threat to Incumbents?





Why large banks are struggling with innovations?

## FinTech: Business Implications





Nokia 1996 First Smart Phone



**Steve Sasson, Kodak Engineer**  
**Inventor of the Digital Camera**

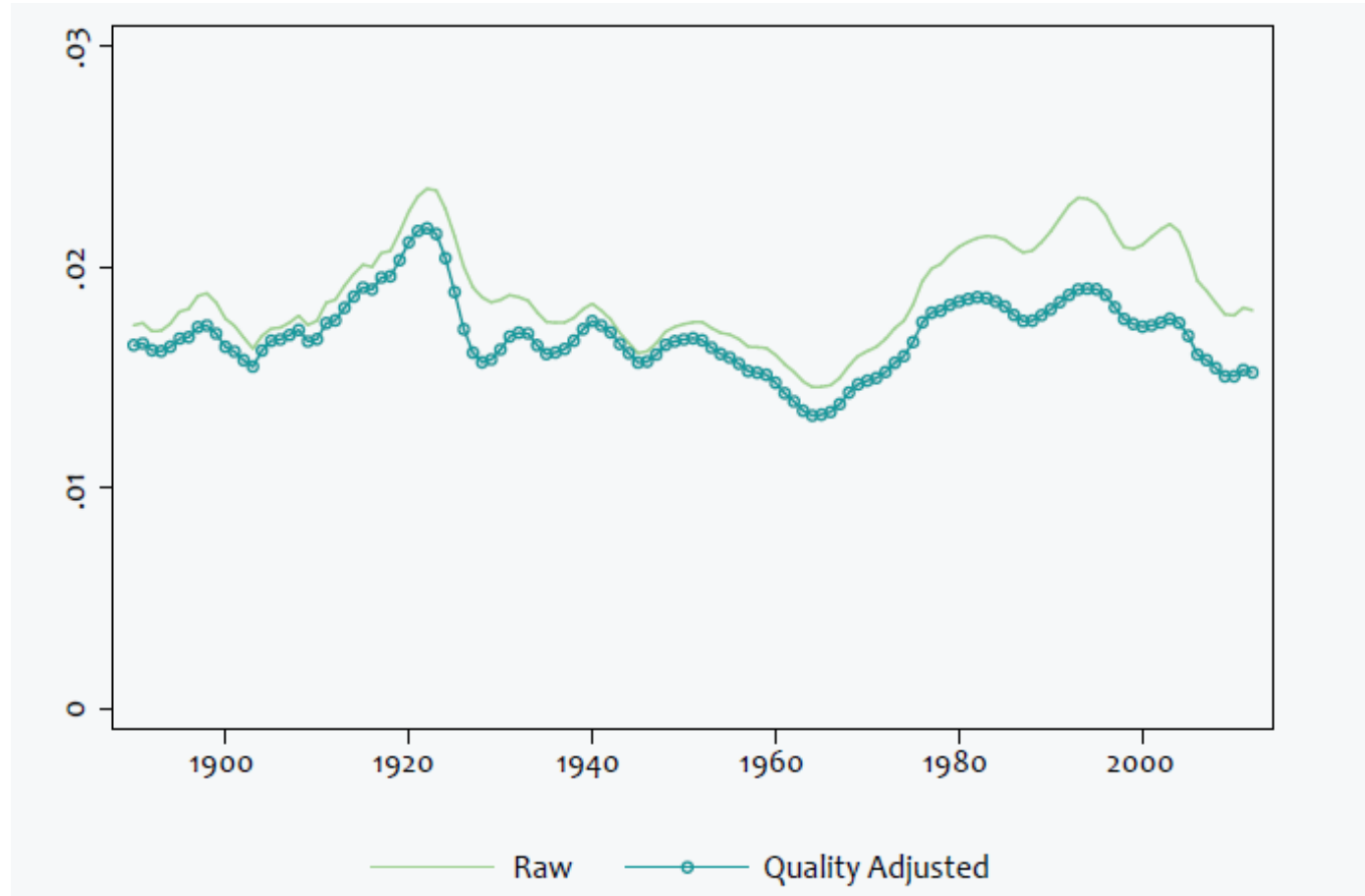
“But it was filmless photography, so management’s reaction was, ‘that’s cute—but don’t tell anyone about it.’ ”

*Source: New York Times, 5/2/2008*

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Kodak 1975 First Digital Camera

# US Cost of Financial Intermediation



## High inefficiency:

the unit cost of US financial  
intermediation

1.5%-2%

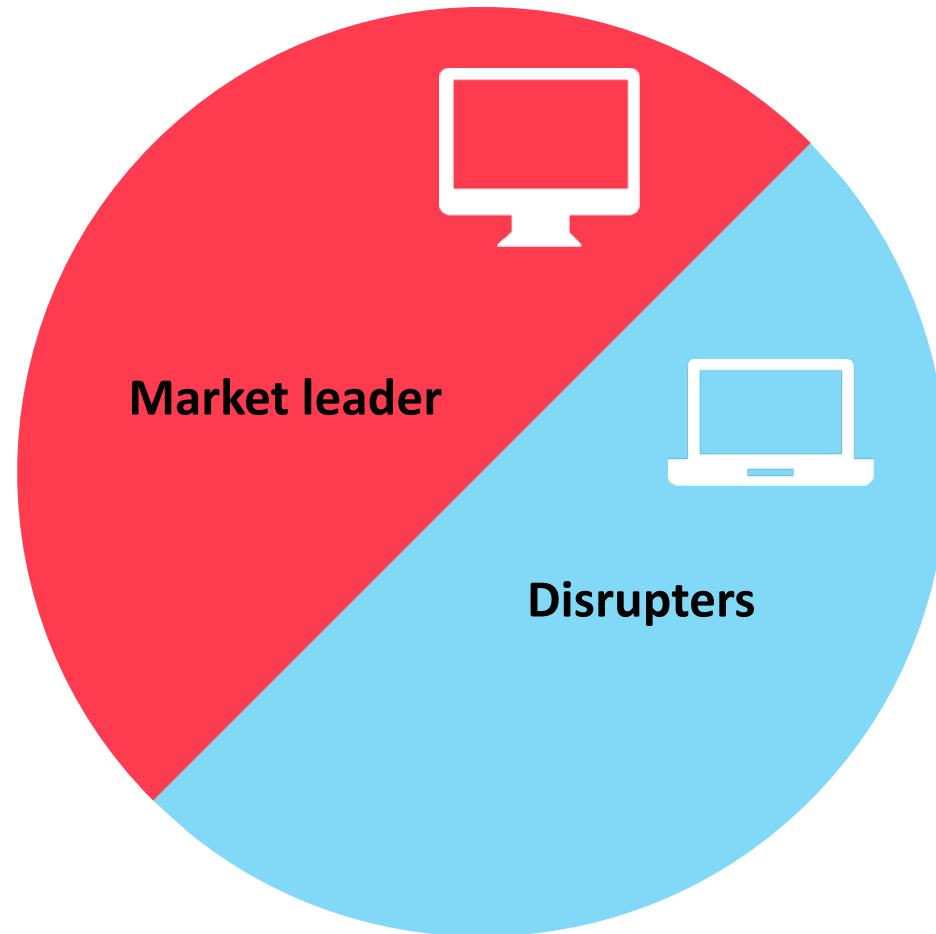
Unchanged over a century

# FinTech: Business Implications

- 8 of the world's 20 most important financial centers do not feature in the world's 20 biggest fintech hubs.
- Almost half of the world's top 100 leading fintech cities, almost half are in emerging markets.

# FinTech: Business Implications

- Too much focus on the high-end of the market
- Ignores to innovate in the simpler low-cost solutions.
- Highly costly regulation



Extend the bottom of the market to new customer groups that previously could not afford a product of service

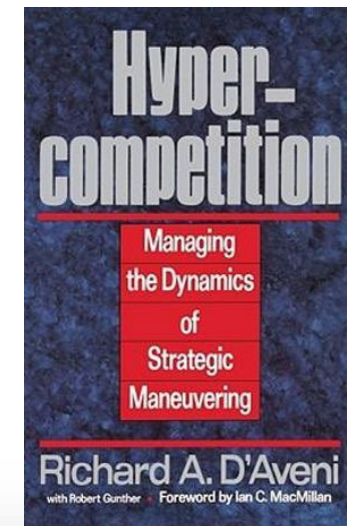
FinTech Innovation examples ?

M-Pesa in Africa  
P2P Lending in Asia  
Micro-insurance



## FinTech: Business Implications

Hyper-competition: rapid and dynamic competition characterized by unsustainable advantages

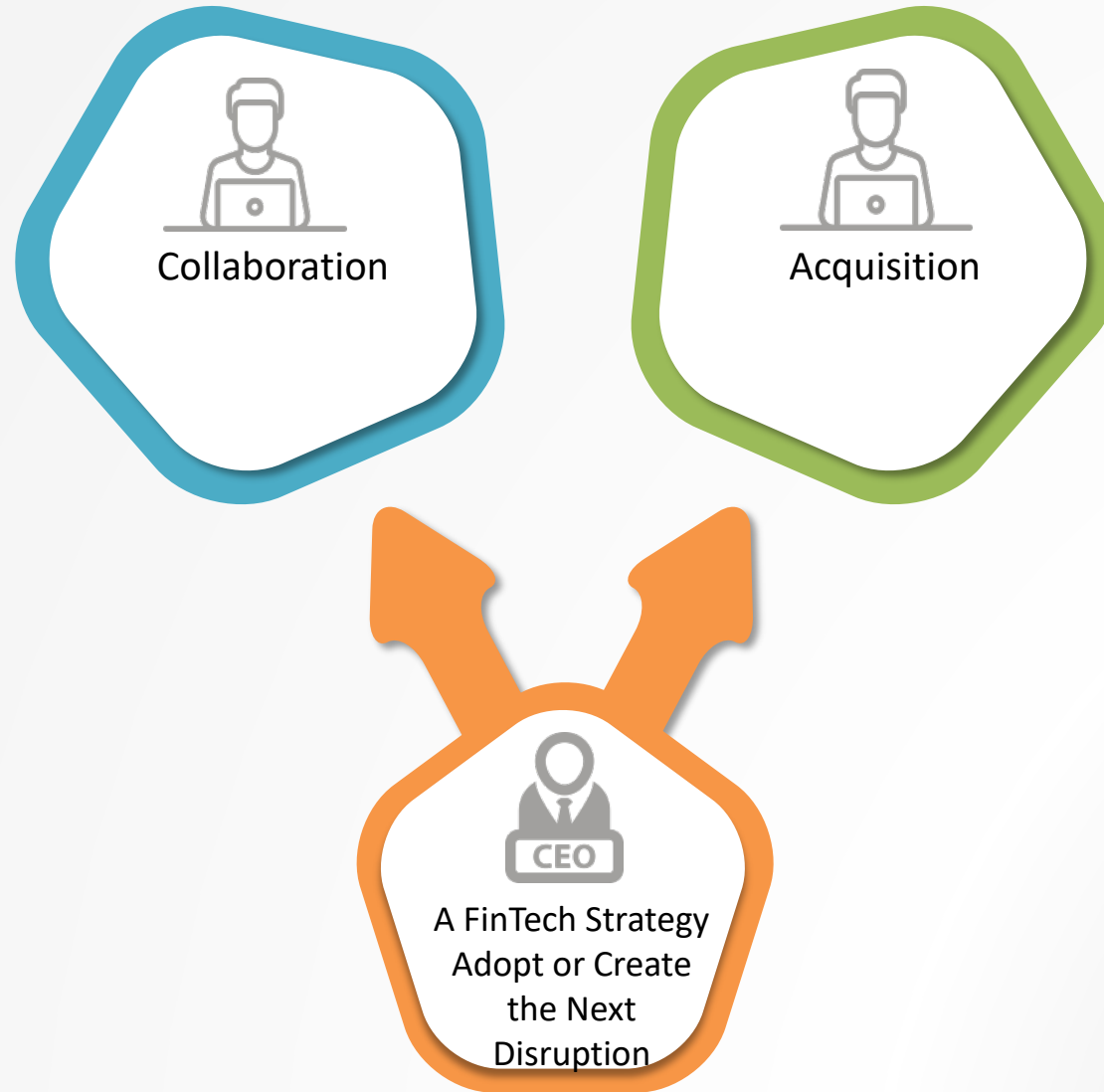


Financial Industry is Moving into Hyper-competition

Continuing  
Financial  
Innovations with  
Upfront  
Technologies

A very slow  
pace of change  
industry

A very  
dynamic and  
fast-moving  
industry



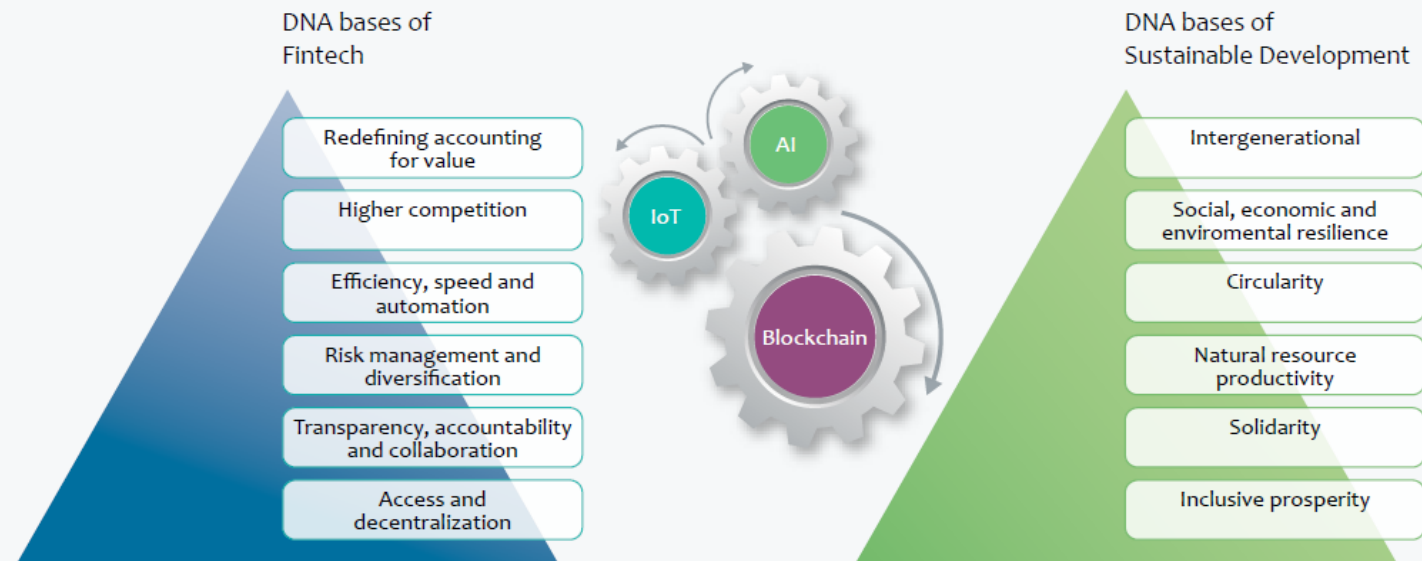
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## FinTech: Business Implications

## FinTech: Social Implications

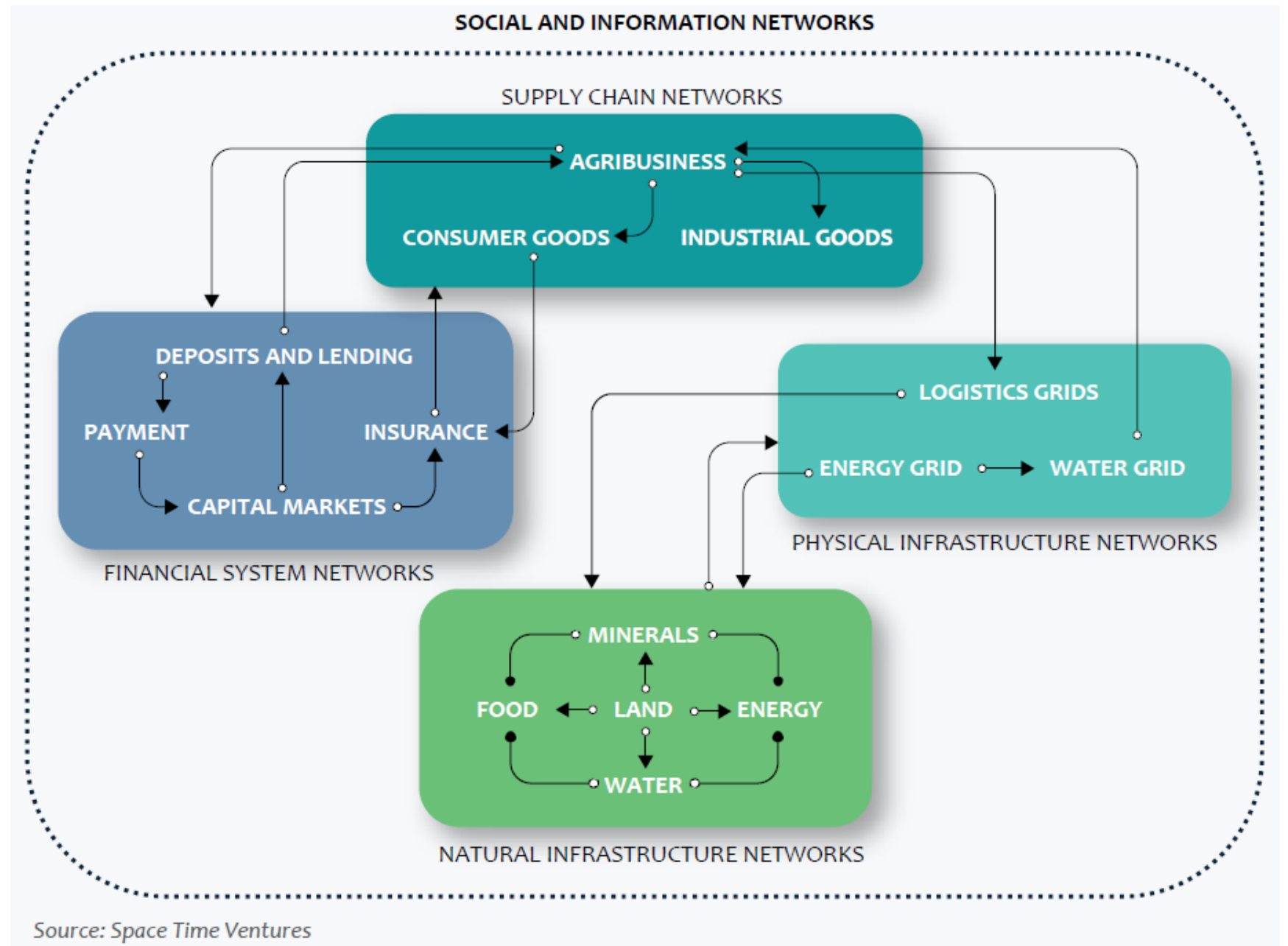
FIGURE 8: FT4SD DNA CONNECTORS ENABLED BY “FT4SD GEARBOX”

IoT and AI: will enable the ‘animation of the physical world’ bringing the physical and natural assets, machines, physical and natural infrastructures to life interacting with each other by sensing and responding to each other in real time.



Blockchain’s smart contracts on the immutable distributed ledger will allow real economy assets and processes to interact with the financial system in predictable ways and with disruptive business models that were unheard of ten years ago.

# FinTech: Social Implications

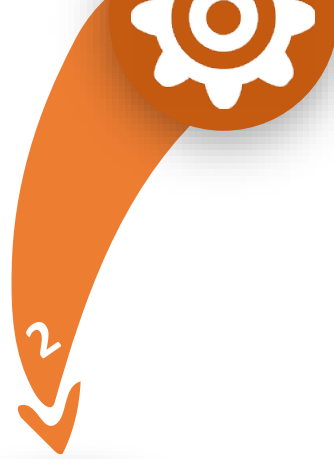


# FinTech Opportunities for Social Impact

Initiatives increasing  
financial inclusion



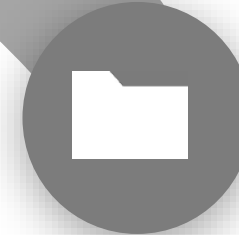
**Opportunities**



Investing in, financing, and  
insuring renewable energy and  
infrastructure projects

3

Leveraging risk expertise to  
influence consumer behavior



4

Positively influencing environmental, social,  
and governance practices of corporate clients  
and investments companies.



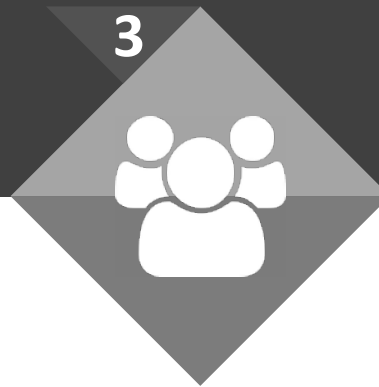
# FinTech Trends: 2017



**Financial firms are jumping into the FinTech game**



**The scope of potential blockchain benefits continues to grow.**



**Across the globe, regulators are showing interest in FinTech**



**Executives are beginning to understand the potential implementation challenges.**



**The industry is realizing this is a marathon, not a sprint.**

# FinTech Trends: Now?

